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The Newspaper of the Non-Profit World

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TRYING TIMES FOR RELIGIOUS GROUPS

America's changing demographics and bad economy cause trouble for main-line denominations, but evangelical organizations thrive

By VINCE STEHLE

MAJOR CHANGES in American society are posing a significant threat to the long-term financial stability of many large Christian and Jewish organizations.

The problems faced by religious organizations are rooted in the troubled economy, shifts in demographics, and increased demands for social services.

Religion still receives more than half of all donations to charity, but many religious groups are worried by such trends as these:

► Declining membership. Membership in main-line Protestant denominations has shrunk. As fewer young people enter religious vocations, the ranks of Catholic priests and nuns are graying. Synagogues face declining enrollment as more Jews sever ties to their religion.

► A decrease in local support for national denominations. Many Christian officials say that individuals and local congregations are giving a smaller share of their contributions to national religious offices than they did in the past. Among the reasons: Local churches have expanded the educational and social services they offer, and church members have grown increasingly dissatisfied with the policies of national denominational headquarters.

► Political and theological splits. Major philosophical differences in doctrine and social policy have caused schisms in some denominations—most notably the Southern Baptist Convention—and in ecumenical organizations.

Many observers say that the most profound challenges faced by religious groups are related to demographic changes. "The changing demographics of our churches have had a serious effect on national fund-raising efforts," says Ronald Vallet, executive director of the Ecumenical Center for Stewardship Studies in Indianapolis.

Many congregations now feel under pressure to offer a wider selection of religious and social services, including day-care centers and health-care services. At the same time, a decline in the number of church members means that many religious institutions have smaller financial resources to draw upon.

"Old-line Protestants have been in a state of financial crisis for several years, and they have been managing a state of decline for a decade or two," says Joel A. Carpenter, director of the religion program at the Pew Charitable Trusts.

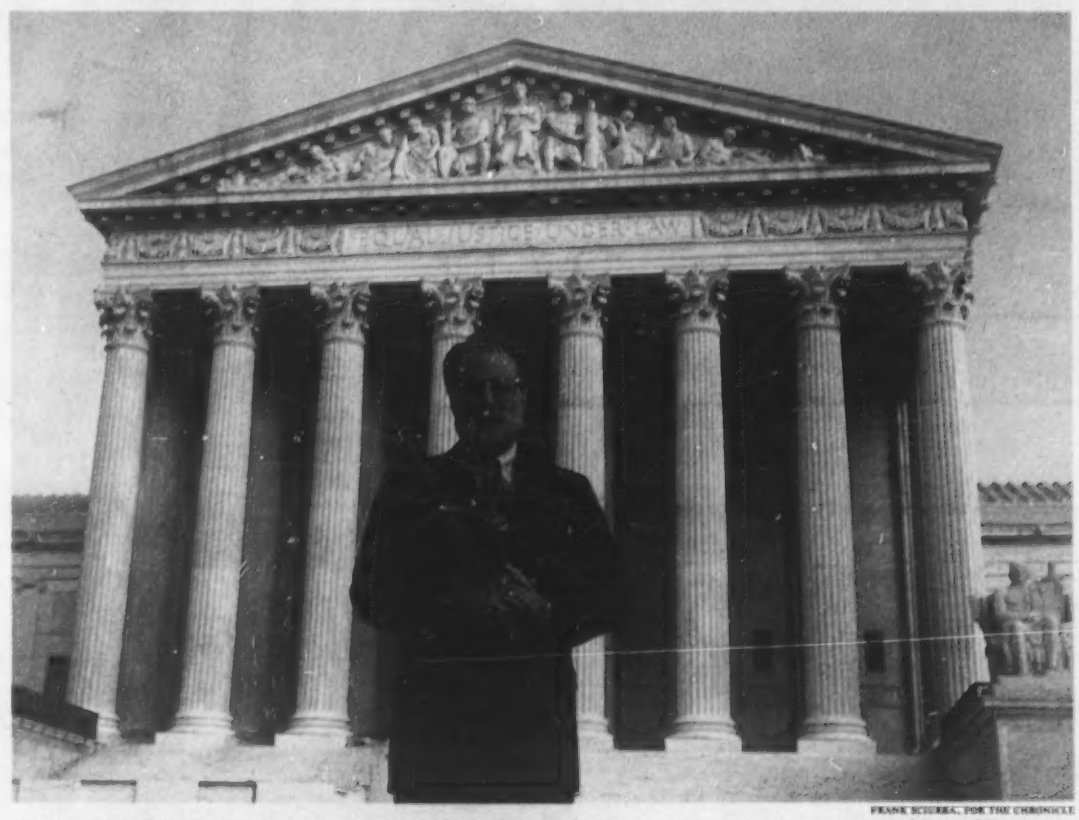
Rise and Fall in Episcopal Membership

Main-line Protestant denominations are losing their flocks in part to an increasingly secular society and in part to more aggressively evangelical, conservative churches.

The recent history of the Episcopal Church is typical of many Protestant denominations since World War II. In 1950, the Episcopal Church had 2.4 million members. By 1965, membership had swelled to 3.5 million, a 46-per-cent increase. But by 1989, the denomination had shrunk back to 2.4 million.

Despite the long-term decline in membership and the accompanying fall in revenues from local congregations, the national headquarters of the Episcopal Church did not make sharp cutbacks until last

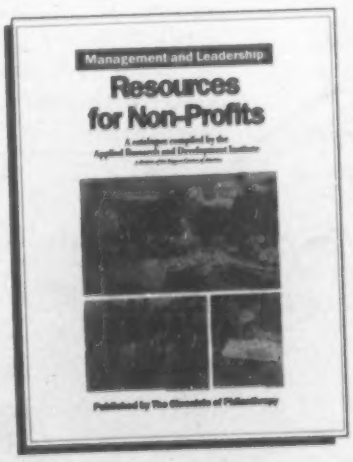
Continued on Page 22



FRANK SCHERR, FOR THE CHRONICLE

John Womble, fund raiser for the Baptist Joint Committee: The advocacy group lost funds from the Southern Baptist Convention when leaders "took aim at groups that didn't follow their narrow line." See story on Page 26.

Index	
Books	31
Coming Events	35-40
Deadlines	40
Directory of Services	37-39
The Face of Philanthropy	4-5
Foundation Annual Reports	14
Fund Raising	17-21
Giving	6-16
Grants	12-16
Ideas	21
Letters & Opinion	32-35
Managing	22-31
My View	32-33
News in Brief	8-9, 20, 28
People	29-30
Press Clippings	31
Professional Opportunities	41-47
Tax Watch	28



Resources for Non-Profits
More than 500 books, manuals, periodicals, and other materials on non-profit management and leadership are listed in a special pull-out section following Page 24.

Bush Proposes Tax Breaks
President Bush's budget includes two proposals sought by non-profits: a permanent extension of the deduction for all gifts of appreciated property and improved tax treatment of donations by multinational corporations. Mr. Bush also wants more reporting of gifts by charities. Story on Page 17.

Making Health Care an Issue
Families USA, a Washington-based non-profit, has used lobbying and charitable activity to help make health-care reform a major issue in this year's Presidential election. Story on Page 6.

$127-Million for Housing
Twenty-nine major corporations have committed more than $127-million in social-investment funds to build housing for the poor. Story on Page 7.

A complete guide to this issue appears on Page 3.

WHAT'S IN THIS ISSUE

A guide for the busy reader

Volume IV, Number 8

About Fund Raising

17 President Bush has asked Congress to pass two proposals designed to encourage charitable giving: a permanent tax break for gifts of all kinds of appreciated property and a change in the treatment of donations from multinational corporations.

17 The President's budget would force a big increase in non-profit postage rates. Congress isn't expected to go along with the plan, but pressures are mounting to raise the rates after this year's election.

20 Giving to small liberal-arts colleges slowed considerably last year.

30 Salary raises for chief college development officers outpaced inflation, but not all campus fund raisers fared so well.

19 The American Association of Fund-Raising Counsel has released the text of its new ethics code, which bars commissions.

20 Boys & Girls Clubs of America has started a three-year campaign to raise more than $37-million and expand its services to 300,000 more young people.

21 A Kingsport, Tenn., minister challenged his congregation by giving its members $1,500, which they turned into $7,000 in donations for a local charity (Ideas).

21 American Airlines allows participants in its frequent-flyer program to donate mileage to charities that serve children (Ideas).

9 Three universities have received donations of $10-million or more; other recent gifts.

20 Interest rates for planned gifts, issued by the Internal Revenue Service.

About Volunteers

21 A Chicago computer network links charities with qualified volunteers (Ideas).

8 Points of Light 672 to 684 were named by the Bush Administration.

About Health

6 With a combination of lobbying and education, Families USA has helped put health care near the top of the agenda in this year's election campaign.

10 Spurred by charges of bias in federal health research, grant makers are giving new attention to issues of women's health.

8 The Robert Wood Johnson Foundation will spend $32.7-million over the next seven years to encourage more medical students to become general practitioners.

About Housing

7 Twenty-nine major corporations have put up $127.5-million to create housing for the poor.

20 Advocates for the homeless in five Midwestern states are applying to 22 countries for foreign aid.

DANIEL BENNETT

Putting health care on the political agenda. 6

About Managing Non-Profits

28 The IRS has issued a mixed group of rulings on the unrelated-business income tax; the U.S. Tax Court overruled the IRS's denial of a tax exemption to a Pennsylvania health-maintenance organization (Tax Watch).

20 The Postal Service has extended the deadline for charities to comment on guidelines to determine when they may use third-class non-profit postage rates to mail offers of insurance policies to members and donors.

28 Greenpeace plans to lay off about two dozen employees as it braces for a second year of budget cuts.

28 The Red Cross's disaster-relief fund has a $28-million deficit.

28 United Way has decided to continue its aid to a Rhode Island Red Cross chapter that was criticized for its response to a hurricane last summer.

27 When people request information on a charity from the Better Business Bureau's Philanthropic Advisory Service, they ask most often about health organizations.

27 Reports on charities by the Better Business Bureau and National Charities Information Bureau.

32 To succeed in lobbying Congress, non-profits must pick their battles carefully, says a Washington lawyer (My View).

About Grant Makers

8 A new effort will seek to strengthen regional associations of grant makers.

8 A group of small charities based in Marin County, Cal., has filed a lawsuit challenging part of the 1986 court settlement governing one of California's largest foundations.

8 Grant makers in southern California gave away 17.7 per cent more in 1990 than in 1989, but corporate giving lagged behind that of foundations.

9 The Colorado Trust has revised its grant-making goals, based on a study of the state's needs.

12 The T. B. Murphy Foundation has made a $236,000 grant for scholars to study Christmas.

33 If foundations seem to be having little effect on today's most difficult social problems, perhaps it's time for some self-examination, says columnist Waldemar A. Nielsen.

12 Recent grants by foundations, corporations, and other grant makers.

About Religion

1 Major changes in American society are putting increased financial pressures on many of the nation's largest religious organizations.

22 Synagogues must look for new ways to attract Jewish families, says a Denver rabbi who's trying to do just that.

23 Theological seminaries, faced with declining support from national denominations and increased capital needs, are stepping up their fund raising.

24 Catholic convents are seeking private gifts to help them meet the needs of a growing number of elderly priests and nuns.

26 After losing most of its support from its parent denomination, the Baptist Joint Committee has found other sources of donations.

8 The world's largest cash prize, the Templeton Prize for Progress in Religion, is now even larger.

Also In This Issue

31 **Press Clippings:** *New York* magazine on the Warhol Foundation and *The Public Interest* on charitable giving in the 80's.

31 **Books:** Summaries of recent publications on philanthropy and non-profits.

32 **Letters** on the real issues in the IRS's bowl-game rulings and on the importance of non-profit lobbying.

29 **People:** Appointments and promotions in the non-profit world.

35 **Datebook:** Forthcoming conferences, seminars, and workshops, and deadlines for grants and awards.

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FUND RAISING

Trends and Ideas

Bush's Proposals to Spur Giving

President's budget includes a full deduction for gifts of property and special breaks for multinational corporations

By GRANT WILLIAMS
WASHINGTON

PRESIDENT BUSH is urging Congress to pass two key tax measures intended to spur giving to non-profits. He also wants to expand the reporting requirements for charities that receive large donations.

In the budget plan the President submitted to Congress, he sought passage of proposals that would:

► Permanently extend a full charitable deduction for all gifts of appreciated property, including stocks and real estate. That would encourage donations from wealthy people to many non-profits.

► Change certain tax breaks offered to multinational corporations that donate to U.S. charities working abroad. If passed, the change would nullify federal regulations proposed last year by the Internal Revenue Service. The proposed rules have been condemned by non-profit relief and development groups, among others.

► Require charities with annual gross receipts above $25,000 to file a report with the IRS on contributions above $500 made by any individual during the calendar year.

The reports would help the revenue service crack down on people who cheat on their tax returns by misstating the amount of their charitable donations, according to the Treasury Department. The new enforcement tool would be expected to bring in an estimated $600-million in new revenue through 1997 and replace money the government would lose through the other two provisions.

Congressional sources said it was too early to predict how the President's proposals would be received on Capitol Hill.

Nevertheless, President Bush's support for the measures to stimulate giving was welcomed by many charities and their lobbyists.

"We think it enhances our chances," said Sharon Cranford, a higher-education lobbyist who coordinates the Appreciated Property Working Group, a coalition of health, education, social-services, and other non-profit organizations. "Anything can happen, but we're cautiously optimistic."

The aim of the reporting proposal—to encourage proper accounting of charitable contributions—should be endorsed by non-profits, said Pamela Winnick, general counsel for CARE, the relief-and-development charity.

"In this economic climate, to get something, you have to give. It would be unreasonable to think that Congress or the Administration would simply write us a free ticket."

However, Ms. Winnick said, "we do worry about the possible administrative burdens," which she said could include the cost of hiring additional staff members and designing new computer programs.

Tony Gambino, public-policy director for InterAction, a coalition of relief and development organizations, said his group's members were becoming increasingly concerned about the reporting requirement. Millions of contributions would have to be tracked, he said, including small donations made over several months that could total more than the $500 threshold by year's end.

Some charity lobbyists said Treasury officials have indicated that churches, which are exempt from most reporting rules, would be covered by the new requirement.

Some university officials have noted that the reporting procedure would cause extra administrative work, Ms. Cranford said. But, she added, "in this economic climate, in order to get something, you have to give. It would be unreasonable to think that Congress or the Administration would simply write us a free ticket."

In November, Congress voted to extend for six months—until June 30, 1992—a tax break for gifts of art and historical objects that have increased in value.

The tax break, which Congress initially applied to gifts made in 1991, allows people subject to the alternative minimum tax to deduct the full fair market value of gifts of art and other tangible property. The alternative minimum tax was created to insure that people who claim large write-offs do not avoid taxes altogether.

New Rule Since 1987

Since 1987, donors subject to the tax have been allowed to deduct only the purchase price—not the present value—of donated items.

Non-profits, joined now by the Bush Administration, hope to persuade Congress to extend the full charitable deduction to all forms of appreciated property, and to make it permanent.

The President's proposal would cover contributions that are made in calendar years ending on or after December 31, 1992.

The tax-writing House Ways and Means Committee is currently consider-

Continued on Page 19

Non-Profits Would Face Big Increase in Postal Rates Under President's Proposal

By HOLLY HALL
WASHINGTON

NON-PROFITS would have to pay 31 per cent more to send each piece of third-class mail under a plan proposed by President Bush. Non-profit second-class rates would increase by 17 per cent under the proposal, which applies to the fiscal year that starts October 1.

In his budget, the President asked Congress to appropriate $121.9-million to the Postal Service to help close the gap between the postage rates paid by non-profits and what it actually costs to deliver their mail.

But postal officials say they need $481.9-million—or almost four times the amount that Mr. Bush wants to give them—to keep non-profit rates from going up in 1993.

Although both Presidents Bush and Reagan have proposed deep cuts in the subsidies since 1982, Congress has never gone along with their plans. Because this is an election year, and the subsidies are popular with the public, some Capitol Hill observers say it's unlikely that the President's proposed reductions will be approved. However, Congressional aides and lobbyists for charities say that, due to the lingering recession, they fear a tough battle over the subsidies in 1993.

In his budget plan, President Bush also recommended that eligibility for non-profit postage rates be tightened. He made similar proposals last year, but Congress refused to go along with his ideas.

Proposals to Tighten Eligibility

Under the President's proposal, the following types of non-profit mail would be ineligible for reduced rates:

► Second-class publications that contain more than 10 per cent advertising.

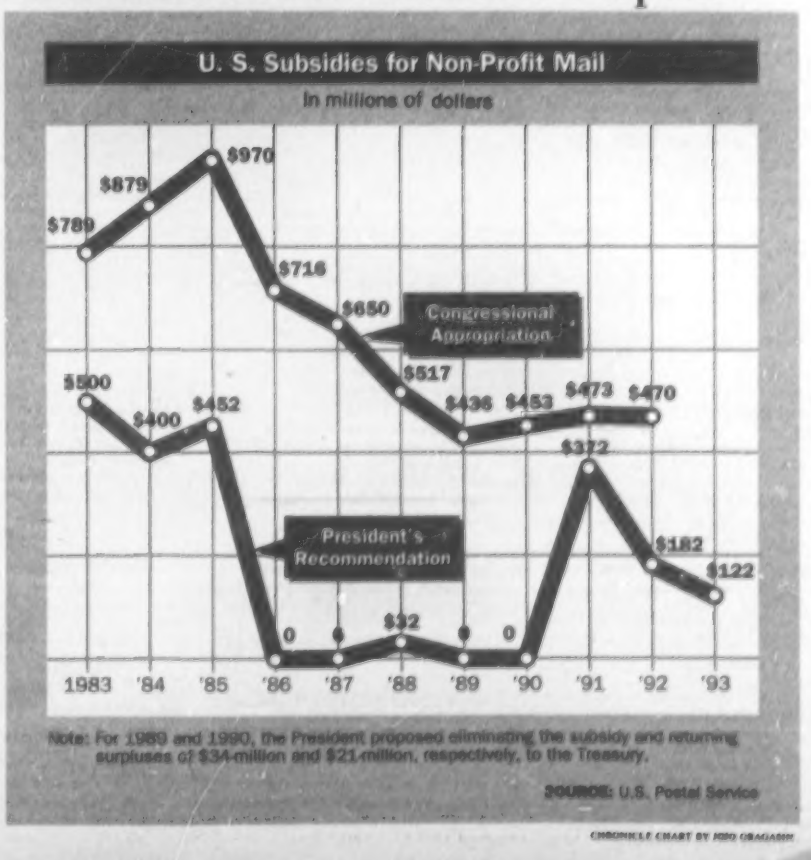
► Third-class mail that includes advertising or political-advocacy material.

► Educational materials sent by "organizations that are not schools."

While the deep cuts and eligibility changes recommended by the President seem unlikely to pass this year, pressure to expand the types of groups eligible for the subsidies may make it harder for Congress to keep the rates stable in the future. Local chambers of commerce and county governments with tight budgets, for example, are clamoring that they deserve to pay the subsidized rates.

And the federal deficit has already put a squeeze on the subsidies. Last year, in final-hour budget negotiations, even members of Congress who are strong supporters of the postal subsidies reluc-

Continued on Page 18



CHRONICLE CHART BY JOO GRAHAM

President Bush's Budget and the Non-Profit World

Release of President Bush's spending blueprint for fiscal 1993 marks the start of the annual federal budget process—a process that has significant implications for the non-profit world.

Tens of thousands of non-profits count on federal dollars for a variety of projects, from museum exhibits and scientific research to helping the homeless and teaching adults to read and write. Just how much federal aid will be awarded for such projects will be determined in the next few months, as members of Congress review the President's plan and decide whether to endorse his spending proposals.

Among items of note in the President's plan:

► The Commission on National and Community Service would get $75-million to distribute to projects to spur volunteerism—the same amount it received this year. The Points of Light Foundation, which also urges people to donate time to charity, would receive $10-million, $5-million more than got this year.

► Community Services Block Grants would be eliminated. When President Bush made the same proposal last year, Congress refused to go along and instead provided $437-million.

► The budget for the National Endowment for the Arts would not grow enough to keep pace with inflation. It would get $176.1-million, the same amount it received last year.

Even for those non-profits that don't receive a penny of federal aid, the government's budget decisions can be important. Changes in federal spending can lead to increases in demand for certain services and slacken interest in others. They can also lead private foundations and corporations to change their philanthropic strategies.

Many grant makers, for example, are keeping a close eye on the fate of Mr. Bush's America 2000 school-reform plan. The President has asked private organizations to donate money to help him carry out his ambitious attempt to improve education. While many businesses are contributing to the project, some philanthropic leaders have expressed concern that the President's plan will divert money from other worthy school-improvement plans.

The Bush Administration is also seeking to improve the effectiveness of some programs by working more closely with private groups. In addition to requesting a 27-per-cent increase for Head Start, the popular program for poor preschoolers, the Administration said it would try to build on previous cooperative efforts, including a project that urges girls in Head Start to join the Girl Scouts and a program financed by the Johnson & Johnson Corporation that provides management training to Head Start directors.

	Spending in fiscal 1992	Proposed for fiscal 1993
Arts and Humanities		
Corporation for Public Broadcasting[1]	$327,280,000	$318,636,000
Historic preservation	35,478,000	40,931,000
Institute of Museum Services	26,999,000	29,000,000
National Endowment for the Arts	176,112,000	176,118,000
National Endowment for the Humanities	176,535,000	187,739,000
National Gallery of Art	48,572,000	52,630,000
Smithsonian Institution	281,333,000	311,150,000
Community Development and Housing		
Community Development Block Grants	$3,125,464,000	$3,339,200,000
HOME Investment Partnerships Block Grants	30,000,000	269,000,000
Homelessness	1,008,000,000	1,064,000,000
Homeownership and Opportunity for People Everywhere Grants	6,550,000	117,745,000
Housing for the Elderly and Handicapped	121,378,000	311,100,000
Public housing and housing for American Indians	2,450,000,000	2,282,436,000
RESTORE (public-housing improvement)[2]	n/a	412,000,000
Education and Job Training		
Adult education	$287,260,000	$303,760,000
America 2000 school-reform efforts	100,000,000	767,500,000
College-student aid	11,705,000,000	13,686,000,000
Education for the handicapped	5,468,990,000	5,646,000,000
Elementary and secondary education	6,707,014,000	6,828,207,000
Fund for the Improvement of Postsecondary Education	15,000,000	16,000,000
Head Start	2,202,000,000	2,802,000,000
Job training	4,082,218,000	4,189,465,000
Vocational education	950,000,000	990,500,000
Entitlements for Low-Income People		
Child Nutrition	$6,068,000,000	$6,480,000,000
Family support payments	15,100,000,000	15,300,000,000
Food Stamps	22,350,975,000	28,001,000,000
Medicaid	72,503,000,000	84,396,000,000

[1] Figures shown are for 1993 and 1994 because money is appropriated two years in advance.
[2] This program is a new effort to improve housing conditions and financial health of public-housing projects insured by the Farmer's Home Administration.
[3] Proposed for elimination; $5-million would go to the National Youth Sports Program, which provides recreational activities to low-income youth.

	Spending in fiscal 1992	Proposed for fiscal 1993
Health		
AIDS research, prevention, and treatment	$1,968,000,000	$2,069,000,000
Community and Migrant Health Centers	594,000,000	684,000,000
Family planning	150,000,000	155,000,000
Health Care for the Homeless	56,000,000	68,000,000
Health services for American Indians	34,126,000	34,126,000
Healthy Start (infant mortality)	64,000,000	143,000,000
Maternal and Child Health Block Grants	650,000,000	674,000,000
Medicare	129,200,000,000	141,900,000,000
Scientific Research		
Alcohol, Drug Abuse and Mental Health Administration	$3,092,000,000	$3,276,000,000
National Institutes of Health	8,935,000,000	9,377,000,000
National Science Foundation	1,974,000,000	2,311,500,000
Social Services		
ACTION	$199,644,000	$205,137,000
Aging	846,000,000	850,000,000
Child Care Block Grants	825,000,000	850,000,000
Child Welfare Services	274,000,000	274,000,000
Community Services Block Grants[3]	437,000,000	5,000,000
Developmental disabilities	109,000,000	109,000,000
Drug-abuse prevention for youth gangs	10,943,000	10,943,000
Family-violence grants	20,000,000	20,000,000
Foster care and adoption	68,992,000	58,175,000
Prevention of child abuse	40,524,000	42,524,000
Refugee and Entrant Assistance	411,000,000	227,000,000
Runaways and homeless youth	63,000,000	63,000,000
Social Services Block Grants	2,800,000,000	2,800,000,000
Social-services research	21,279,000	14,879,000
Other		
Commission on National and Community Service	$75,000,000	$75,000,000
Juvenile justice	68,575,000	7,500,000
Peace Corps	205,024,000	223,721,000
Points of Light Foundation	5,000,000	10,000,000
Postal subsidies for non-profit groups	470,000,000	121,912,000

Non-Profit Groups Would Face Big Increase in Postal Rates Under President's Proposal

Continued from Page 17

tantly voted to raise postage on non-profit "flats"—large-size mail pieces—because the lawmakers could not find another way to keep non-profit mail rates from increasing across the board. As a result, postage for non-profit flats rose by 2.2 cents in November, with another 2.2-cent increase likely to take effect on October 1.

More and more, lawmakers say money for non-profit postage could be better spent elsewhere.

For example, during the last session of Congress, Sen. Bill Bradley, Democrat of New Jersey, introduced a bill that would use the subsidy money to provide a tax refund to families with dependent children.

No action is expected on the measure this year. However, Congressional aides say it may spark similar attempts to eliminate the subsidy, given the lagging economy.

Worries About Wastefulness

Congress has to "look at what we can live without," says Wayne Schley, staff director for Republicans on the Senate Committee on Rules and Administration. "We cannot do without money for education and AIDS, but can we live without subsidizing the Smithsonian's mail-order catalogue?" He previously was a top aide on the committee that allots money to the Postal Service.

The tight budget is not the only issue that has prompted Congress to cast a more critical eye on non-profit mail. Many lawmakers believe non-profits are wasteful in their mailings, says Mr. Schley, and they complain about duplicate mailings received in their own homes and those of their constituents.

In addition, members of Congress have expressed concern about commercial groups that set up bogus non-profit arms to take advantage of lower postal rates and about the privacy issues raised by the compilation and exchange of mailing lists, Mr. Schley notes.

'Major' Changes Seen

Congress will probably make dramatic changes in the subsidy, "minor at first but major in the next three to four years," Mr. Schley predicts. The subsidy, he adds, "will not be recognizable in five years."

Non-profit lobbyists say that Congress is likely to make the changes by taking one of three approaches:

► Abolish the subsidy, which would require non-profits to pay the same postage rates as commercial mailers.

► Reduce the number of groups that are eligible for non-profit mail rates.

► Restructure the system. A new "subclass" for non-profit mail could be set up, for instance, and Congress would no longer have to review the subsidy budget each year.

IN BRIEF: Fund Raising

Boys & Girls Clubs Plan $37-Million Campaign

The Boys & Girls Clubs of America has begun a three-year campaign to raise $37.35-million and expand its services to 300,000 more young people. It also hopes to establish 345 new clubs.

The campaign, called "Outreach Two Million," aims to bring the total of people served to two million. It follows the conclusion of "Outreach 1991," a five-year plan ending last year, in which the clubs reached 500,000 more boys and girls, bringing the total to 1.7 million. During that period, the charity added 426 new clubs, for a total of 1,340.

"As ambitious as our goals seem, we are confident that we have both the formula and the commitment to realize our aims by 1994," said Jeremiah Milbank, Jr., chairman of the charity and president of the J. M. Foundation.

Mark Lutin, a spokesman for the charity, said officials plan to raise money from corporations, foundations, and individuals. He said the money will be used to provide services to local clubs, including program development, staff training, and marketing and communications training.

Postal Service Seeks Comment on Proposal

The Postal Service is extending its deadline for comments on guidelines to determine when nonprofits may use third-class nonprofit postage rates to mail offers of insurance policies to members and donors.

Comments must be received by the Postal Service on or before April 6.

The guidelines were created after Congress ordered the Postal Service to come up with regulations to help enforce a 1991 law designed to make sure non-profits don't use subsidized rates to mail pieces that promote certain commercial insurance deals. The law says mailings describing insurance policies are eligible for non-profit rates only if they are designed for and promoted to "members, donors, or beneficiaries" and cannot be "otherwise commercially available."

Under the service's proposed guidelines, determinations of whether an insurance policy offered by a non-profit is commercially available would not be based on price but "strictly limited to the actual coverage" provided in the policy. When comparisons are made with commercial policies, postal officials would consider "the scope of policy coverage benefits, limitations, and exclusions, and the availability of coverage to the targeted category of mailing recipients."

The complete guidelines were published in the *Federal Register* of December 6, 1991 (Pages 63,895-63,896). Written comments should be submitted to Donald Dillman, director, Office of Classification and Rates Administration, U.S. Postal Service, Room 8430, 475 L'Enfant Plaza, S.W., Washington 20260-5903.

Advocates for Homeless Seek Funds Abroad

Advocates for the homeless in five Midwestern states have applied to 22 countries for foreign aid as a way of bringing public attention to the plight of the homeless in the United States. So far, none of the countries have responded, one of the organizers said.

Jim Cain, associate director of the Ohio Coalition for the Homeless, said the unusual appeal was made as a way of dramatizing the problems of the homeless and illustrating the desperation advocates for the homeless feel about the "lack of attention" by state and federal officials.

"The hope is that other developed nations will respond with compassion and help send a strong message to Washington and the state capitals of the Midwest that mass homelessness in the heartland should not and cannot be tolerated," said Mr. Cain.

The Ohio group joined the appeal by the Midwest Coalition to End Homelessness, which represents groups in that state, as well as in Illinois, Indiana, Michigan, and Wisconsin.

"We kept the letter pretty general because we thought if we asked for a specific amount that might limit a particular country," Mr. Cain said.

Among the larger countries asked for help: Australia, Canada, France, Great Britain, Japan, Mexico, Saudi Arabia, and Sweden.

Giving to Liberal-Arts Colleges Grew 2.9% Last Year

Giving to 58 small liberal-arts colleges slowed considerably last year, according to figures compiled by Williams College.

Private gifts to the institutions between July 1, 1990, and June 30, 1991, grew by 2.9 per cent. That was well below the 4.4-per-cent rate of inflation in that same period.

In all, gifts to the 58 colleges that provided information totaled $544.9-million in the last fiscal year, compared with $529.7-million the year before.

Last year's increase fell far short of the 8.4-per-cent growth rate reported for the previous fiscal year for the 48 colleges that provided numbers for both 1988-89 and 1989-90.

Most of the colleges that saw gains last year were also conducting capital campaigns. Hampshire College, in Amherst, Mass., had a 110-per-cent increase, bringing total gifts to $6.5-million. Washington and Lee University, in Lexington, Va., nearly doubled its income from private support, from $10-million to $19.8-million.

Private support dropped sharply at other colleges. Contributions and grants to Wesleyan University in Middletown, Conn., fell by 42.6 per cent, to just over $7-million. Donations at Mills College, in Oakland, Cal., declined 42 per cent, to $6.3-million. Contributions to Swarthmore College, in Pennsylvania, dipped by 31.5 per cent, down to $9.1-million.

In all, 25 of the colleges that participated raised less last year than they did in 1990.

Richard H. Huddleston, director of development at Wesleyan, said the major reason for the decrease was the absence of a single gift of $1-million or more, adding that totals for the previous two years included a $4-million and $5-million gift.

"Big gifts like those make you look good when you get them," he said, "but if you don't get them again, they make you look bad."

—JENNIFER MOORE

Fund-Raising Results at 58 Private Colleges

	Fiscal 1990	Fiscal 1991	Change
American International College (Mass.)	$717,000	$936,000*	+30.5%
Amherst College (Mass.)	10,870,000	13,723,000	+26.2
Baldwin-Wallace College (Ohio)	4,296,000	3,553,000	−17.3
Bates College (Me.)	5,389,000	5,141,000	−4.6
Beloit College (Wis.)	7,347,000	7,276,000	−1.0
Berea College (Ky.)	14,645,000*	13,333,000*	−9.0
Bowdoin College (Me.)	14,465,000*	19,494,000	+34.8
Bryn Mawr College (Pa.)	20,425,000*	15,694,000*	−23.2
Bucknell College (Pa.)	9,202,000*	9,926,000	+7.9
Carleton College (Minn.)	7,593,000	5,646,000	−25.6
Claremont McKenna College (Cal.)	11,775,000	10,571,000	−10.2
Colby College (Me.)	5,109,000	6,551,000	+28.2
Colgate University (N.Y.)	8,762,000	12,165,000	+38.8
Colorado College	7,062,000	8,657,000	+22.6
Connecticut College	7,011,000	7,549,000	+7.7
Davidson College (N.C.)	12,638,000*	11,467,000*	−9.3
Earlham College (Ind.)	4,042,000*	6,503,000*	+60.9
Eckerd College (Fla.)	3,325,000	2,704,000	−18.7
Franklin & Marshall College (Pa.)	4,986,000*	6,751,000	+35.4
Goucher College (Md.)	6,227,000	4,712,000*	−24.3
Grinnell College (Iowa)	6,468,000	8,195,000	+26.7
Hamilton College (N.Y.)	7,129,000	8,214,000*	+15.2
Hampshire College (Mass.)	993,000*	2,086,000*	+110.0
Haverford College (Pa.)	5,091,000*	6,236,000*	+22.5
Hobart and William Smith Colleges (N.Y.)	2,938,000	4,353,000	+48.2
Hollins College (Va.)	3,115,000	3,145,000	+1.0
Holy Cross College (Ind.)	6,809,000*	10,206,000*	+50.0
Kenyon College (Ohio)	4,568,000	3,748,000	−18.0
Lafayette College (Pa.)	13,879,000	11,074,000	−20.2
Lake Forest College (Ill.)	$4,834,000*	$4,900,000*	+1.4%
Lawrence University (Wis.)	6,708,000	7,227,000	+7.7
Middlebury College (Vt.)	9,704,000	10,981,000	+13.2
Mills College (Cal.)	10,802,000	6,262,000	−42.0
Mount Holyoke College (Mass.)	13,583,000*	14,044,000*	+3.4
Oberlin College (Ohio)	10,427,000*	12,900,000*	+23.7
Occidental College (Cal.)	11,038,000	8,595,000	−22.1
Pepperdine University (Cal.)	16,450,000	14,207,000	−13.6
Pomona College (Cal.)	21,406,000	17,138,000	−19.9
Randolph-Macon Woman's College (Va.)	5,130,000*	8,841,000*	+72.3
Reed College (Ore.)	6,520,000	7,393,000	+13.4
St. Lawrence University (N.Y.)	4,495,000	5,558,000	+23.6
Scripps College (Cal.)	7,879,000*	6,635,000	−15.8
Simmons College (Mass.)	4,007,000*	3,486,000*	−13.0
Smith College (Mass.)	35,294,000*	31,644,000	−10.3
Swarthmore College (Pa.)	13,342,000*	9,142,000*	−31.5
Sweet Briar College (Va.)	3,236,000	2,655,000	−18.0
Trinity College (Conn.)	9,247,000	8,796,000	−4.9
Union College (N.Y.)	7,930,000	10,959,000*	+38.2
Valparaiso University (Ind.)	5,730,000	5,891,000	+2.8
Vassar College (N.Y.)	13,404,000	14,218,000	+6.1
Wabash College (Ind.)	4,219,000*	6,885,000*	+63.2
Washington and Lee University (Va.)	10,090,000	19,823,000*	+96.5
Wellesley College (Mass.)	29,214,000*	33,665,000*	+15.2
Wells College (N.Y.)	1,690,000	1,929,000	+14.1
Wesleyan University (Conn.)	12,211,000	7,015,000	−42.6
Wheaton College (Ill.)	9,364,000*	9,218,000	−1.6
Wheaton College (Mass.)	4,927,000	4,273,000	−13.3
Williams College (Mass.)	20,006,000*	21,060,000*	+5.3

* Includes money raised in capital campaign.

SOURCE: Williams College Development Office

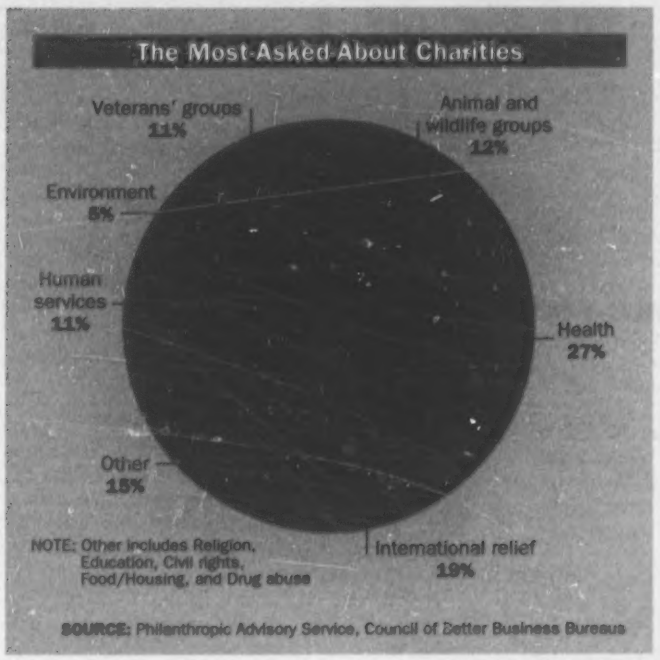
Interest Rates for Planned Gifts

Following are the interest rates, provided by the Internal Revenue Service, for computing charitable deductions for charitable remainder trusts, gift annuities, charitable lead trusts, and some other deferred gifts.

March 1991	9.4%
April	9.6
May	9.6
June	9.6
July	9.6
August	9.8
September	9.6
October	9.0
November	8.6
December	8.6
January 1992	8.2
February	9.7

SOURCE: PG Calc Inc.

Watchdog Groups Says Inquiries Focused on Health Charities


The Most-Asked-About Charities
Veterans' groups 11%
Animal and wildlife groups 12%
Environment 5%
Human services 11%
Health 27%
Other 15%
International relief 19%
NOTE: Other includes Religion, Education, Civil rights, Food/Housing, and Drug abuse
SOURCE: Philanthropic Advisory Service, Council of Better Business Bureaus

CHRONICLE CHART BY JOJO GRAGASIN

People who contacted the Philanthropic Advisory Service of the Council of Better Business Bureaus last year to request information on a charity inquired most often about health groups—about 27 per cent of the time.

That finding and others are based on the watchdog organization's annual review of more than 200 national charities.

The service reported that 23 per cent of the charities included in its most recent index did not comply with the group's standards governing public accountability, use of funds, solicitations and information materials, fund-raising practices, and governance.

Following are the percentage of requests that dealt with areas other than health:

► International-relief groups, 14 per cent.

► Animal and wildlife organizations, 12 per cent.

► Veterans' organizations, 11 per cent.

► Human-services groups, 11 per cent.

► Environment, 5 per cent.

The remaining 15 per cent of requests for information concerned organizations dealing with areas such as religion, civil rights, or drug abuse.

To order a copy of the *Annual Charity Index*, Third Edition, send a check or money order for $9.95 to the Philanthropic Advisory Service, Council of Better Business Bureaus, Department 023, Washington 20042-0023.

—JENNIFER MOORE

WATCHDOG WATCH

Following are summaries of recent reports by the National Charities Information Bureau and the Council of Better Business Bureaus' Philanthropic Advisory Service.

These two private organizations report on whether charities meet standards for fund raising, governance, financial management, and public information. The organizations do not approve or disapprove charities, and urge potential donors to evaluate the importance of variations from the standards. They also note that charities' practices may change at any time.

For organizations that do not meet the standards, information is given only on those standards that are not met. Those organizations meet all the other standards.

Copies of the full reports are available from the Council of Better Business Bureaus, Philanthropic Advisory Service, 4200 Wilson Boulevard, Arlington, Va. 22203, and the National Charities Information Bureau, 19 Union Square West, New York 10003.

BETTER BUSINESS BUREAU

Bankcard Holders of America, 560 Herndon Parkway, Suite 120, Herndon, Va. 22070. Does not meet the standard calling for an organization to provide on request an annual report that includes information about its purposes, current activities, governance, finances, and tax-exempt status, nor the standard calling for an organization to provide on request ,complete annual financial statements. Also does not meet the standard calling for an organization to substantiate on request its application of funds, in accordance with donor expectations, to the programs and activities described in solicitations. Because the bureau did not receive any of the information it had requested on the organization's programs, finances, governance, and fund-raising efforts, it was unable to verify compliance with other standards for the use of funds, solicitations and informational materials, fund-raising practices, and governance.

Center for Marine Conservation, 1725 DeSales Street, N.W., Suite 500, Washington 20036. Does not meet the standard calling for fund raising to be conducted without excessive pressure, which includes, but is not limited to, the failure to inform recipients of unordered items that they are under no obligation to pay for or return them. In response the

Continued on Page 28

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Source: Audit Bureau of Circulations. The Chronicle of Philanthropy's average *paid* circulation in the six months ending Dec. 31, 1991, was 24,861, compared with 20,931 in the six months ending Dec. 31, 1990. That's more than double the paid circulation of any other publication in this important field.

PEOPLE

Continued from Page 29

ices of Washington County (Hillsboro, Ore.), to be program officers.

Pew Charitable Trusts (Philadelphia): Appointed **Cora Mirikitani,** director of performing arts and film at the Japan Society (New York), to be program officer in culture.

Town Creek Foundation (Oxford, Md.): Appointed **Christine B. Shelton,** assistant to the president, to be executive director.

BOARD MEMBERS AND OFFICERS

Arthritis Health Professions Association (Atlanta): Elected **Carolee Moncur,** professor and co-director of the Division of Physical Therapy at U. of Utah, College of Health (Salt Lake City), to be national president and chairman of the Governing Board.

Arts Midwest (Minneapolis): Elected **Peter Rand,** executive vice-president of the Minnesota Society American Institute of Architects (Minneapolis) and publisher of *Architecture Minnesota* magazine (Minneapolis), to be chair of the Board of Directors.

Board of Church Extension of Disciples of Christ (Indianapolis): Elected **Sally Harney Blowitz,** director of development at U. of California at Los Angeles Medical Center, to be a director of the board.

Chicago Community Trust: Elected **Edgar D. Jannotta,** managing partner of William Blair and Company (Chicago), to be chairman of the Executive Committee.

Children's Hospital of Pittsburgh: Elected **James S. Broadhurst,** chairman and chief executive officer of Eat'n Park Restaurants (Pittsburgh), to be chairman of the Board of Trustees.

Crohn's & Colitis Foundation of America (New York): Elected **Morgan K. Powell,** a Tulsa, Okla., lawyer, to be national president.

Indianapolis Foundation: Elected **Rexford C. Early,** chairman of the Indiana Republican State Central Committee (Indianapolis), to be president of the Board of Trustees.

Irvington Institute for Medical Research (New York): Elected **Elizabeth F. Robbins,** vice-president and director of public relations, advertising, and promotion at Harry N. Abrams, the New York fine-arts book publisher, to be president of the Board of Directors. She succeeds **Lauren Veronis,** who became chairman of the Board of Directors.

National Center for Nonprofit Boards (Washington): Elected **Ellis F. Bullock, Jr.,** executive director of the Jostens Foundation (Minneapolis), to be a member of the Board of Directors.

National Easter Seal Society (Chicago): Elected **Dorothy T. Chambers,** executive director of vocational education for the Birmingham, Ala., Board of Education; **Louis F. Cohen,** a senior member of the law firm Cohen & Malad (Indianapolis); **Buddy Killen,** chief executive officer of the music-publishing company Buddy Killen Enterprises (Nashville); **Ronald W. Losch,** vice-president of the Commercial Banking Department of Marine Midland Bank (Buffalo, N.Y.); **Howard Liszt,** president and chief executive officer of Campbell-Mithun-Esty Advertising (Minneapolis); and **Alvin W. Washington,** vice-president and regional manager at Kaiser Foundation Health Plan (Raleigh, N.C.), to be members of the Board of Directors. The society also named **Richard H. Walker,** vice-president, general manager of the Electronic Imaging Division of Toshiba America Information Systems (Irvine, Cal.), to be an honorary director.

New England Conservatory (Boston): Elected **David W. Scudder,** a partner in the investment firm Wellington Management Company (Boston), to be chairman of the Board of Trustees.

Rutgers U. Foundation (New Brunswick, N.J.): Named **Floyd D. Bragg,** former chairman of the board of the Prudential Foundation and former senior vice-president for corporate public affairs at Prudential Insurance Company of America (Newark), to be chairman of the Board of Overseers.

Studio in a School Association (New York): Elected **Edward P. Harding,** president of Barn Hill Company (New York), a textile and home-furnishings company, to be chairman of the Board of Directors, and **Kathryn McAuliffe,** a painter and vice-president of the board of the Center for African Art (New York), to be president of the Board of Directors. They succeed **Agnes Gund,** the association's founder and past president, who was elected president of the New York's Museum of Modern Art in June, 1991.

Voices for Illinois Children (Chicago): Elected **Roxanne J. Decyk,** vice-president of commercial and industrial sales at Amoco Oil Company (Oak Brook, Ill.), to be chair of the Board of Directors.

CONSULTANTS AND OTHERS

Creative Professional Services (Woburn, Mass.): Appointed **Yvonne D. Novak,** a consultant specializing in accounting and administrative operating systems at Financial Managers (Cambridge, Mass.), to be director of financial information systems.

First Nonprofit Trust (Chicago): Appointed **Philip R. Warth,** president and chief executive officer at Second Harvest National Food Bank (Chicago), to be president and chief executive officer. First Nonprofit Trust offers property and liability protection for nonprofit organizations.

Philanthropy Group (Nashville): Appointed **R. Morrison Southworth,** director of corporate and foundation relations at the Easter Seal Society of Tennessee (Nashville), to be executive director of this consulting firm specializing in foundation and corporate relations and capital campaigns, which he founded.

RTC Group (Arlington, Va.): Appointed **Michael N. Graham,** president and chief executive officer of Reese Communications Companies (Arlington, Va.), to be president and chief executive officer; **Steele Hays,** vice-president of Targeted Communications Corporation (Reston, Va.), to be senior vice-president and director of client services; **Chrystal Kern,** vice-president of finance at U.S. Golf Properties (Manassas, Va.), to be chief financial officer; and **Jeffrey D. Ross,** vice-president of client services at Reese Communications Companies (Arlington, Va.), to be senior vice-president and chief operating officer. Reese Communications Companies and Targeted Communications Corporation recently merged to form the RTC Group, a direct-response and database management company.

Chief College and University Fund Raisers Got 4.7% Pay Increase for 1991-92

Median salaries for chief college fund raisers in academic 1991-92 increased by 4.7 per cent over the previous year.

According to a report by the College and University Personnel Association, for chief development officers the median salary—meaning that half made more and half made less—was $64,000.

The median salary for directors of estate planning increased 8.3 per cent, from $45,150 to $48,900, the report said. Those gains exceeded the rate of inflation, which was 3.1 per cent in 1991.

Although other types of college fund raisers saw increases, not all got enough to keep up with inflation.

The median salary for directors of corporate and foundation relations improved from $41,041 to $43,343, a 4.7-per-cent-gain, but the median salary for directors of annual giving climbed from $35,265 to $36,130, an increase of only 2.4 per cent.

The report was based on information from 1,438 colleges.

Copies of the report are available from the College and University Personnel Association, 1233 20th Street, N.W., Suite 503, Washington 20036. The price is $75 for association members, $175 for non-members who participated in the survey, and $295 for all other non-members.

—BRUCE MILLAR

Median Salaries of College Fund Raisers, 1991-92

	Doctoral	Comprehensive	Baccalaureate	Two-year colleges	All institutions
Chief development officer	$89,310	$70,284	$60,154	$48,298	$64,000
Director, annual giving	42,285	35,517	32,822	35,343	36,130
Director, corporate and foundation relations	51,494	42,000	39,700	40,090	43,343
Coordinator, resource development	37,613	30,000	26,993	36,000	30,725
Director, estate planning	60,000	48,150	41,458	—	48,900
Chief public-relations officer	70,422	46,920	36,943	36,600	43,048
Director, governmental relations	67,500	61,125	—	—	65,840
Chief development and public-relations officer	100,000	72,677	52,198	44,898	71,000
Director, alumni affairs	54,000	38,192	31,049	28,680	36,490
Director, development and alumni affairs	67,930	47,500	42,000	36,953	45,000
Director, special and deferred gifts	56,175	48,000	43,059	—	45,856
Director, church relations	—	32,010	37,480	—	36,000
Director, community services	46,800	40,291	35,084	43,104	42,761
Director, publications	46,000	37,031	30,200	35,000	36,915
Associate director, publications	34,409	29,332	24,305	—	29,000
Manager, printing services	40,571	30,885	23,900	28,417	30,990
Director, information office	51,348	37,836	29,500	34,192	37,745
Director, news bureau	42,786	32,639	25,355	—	33,168

SOURCE: College and University Personnel Association

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OPINION

Commentary and Letters

The High Costs of Non-Profit Hyperbole

By JERRY McCOY

CAN ONE CHANGE IN THE TAX CODE lead to worldwide famine, global warming, destruction of the rain forests and other similar disasters? To listen to some charity officials testifying at a recent Internal Revenue Service hearing on a proposal to change the way multinational companies deduct their charitable contributions, the answer seems to be Yes.

Such hyperbole has come to be standard operating procedure for charities trying to protest changes in federal policies that affect philanthropy. With Congress poised to pass an election-year tax bill, it's almost inevitable that 1992 will be filled with non-profit leaders complaining that various tax proposals could reduce the incentive to give and therefore cause social harm on a massive scale.

Some tax proposals now under consideration could indeed cause trouble for many charitable groups, but if non-profits scream loudly about the harm of just about every tax provision that could possibly affect giving, charities risk looking like any other self-serving and unreasonable interest group. Soon Congress may stop listening to all of their arguments, legitimate or not.

It's more important than ever that non-profits appear credible on Capitol Hill because some members of Congress seem to be growing increasingly suspicious of the sophisticated financial arrangements between donors and charities.

MY VIEW

Some members of Congress seem to be growing increasingly suspicious of the sophisticated financial arrangements between donors and charities.

The mounting skepticism about certain types of planned giving—arrangements that provide donors with tax or financial incentives in exchange for a gift—has become evident during Capitol Hill discussions about a bill that would require trustees of charitable remainder trusts to notify all the beneficiaries of their interest in the trusts. Under a remainder trust, a charity receives the trust's assets, but only after the death of another beneficiary, who receives part or all of the income from the trust while he or she is alive. Among other things, trustees would have to send beneficiaries copies of the annual interest earnings of the trust. More important, the legislation would require executors of estates that include charitable-trust bequests to notify the beneficiaries of those trusts so that they would have time to express their concerns during probate proceedings leading to the distribution of the trust's assets.

The legislation, which is being pushed by Rep. Sam Gibbons, Democrat of Florida, is an anomaly: Its enactment is sought by a single charitable organization acting on its own. Even though many in the non-profit world think the measure is a bad idea, it would be better if they kept quiet about their opposition.

The Shriners Hospitals for Crippled Children, which for years has been involved in a bitter court battle over its interest in a trust left by a Wyoming woman, is leading the fight for passage of the bill. The Shriners contend that the executor of the estate failed to notify the charity when it

LETTERS

The Real Issue in the IRS's Bowl-Game Ruling

TO THE EDITOR:

When I saw the title of Leslie Lenkowsky's opinion piece "Why Non-Profits Should Welcome IRS's Bowl Ruling" (January 14), I thought "Ah, a voice of reason!" and read the essay eagerly. I certainly agree with Mr. Lenkowsky's conclusion—that non-profits should voluntarily exercise more informed restraint when negotiating for corporate support—but I would like to elaborate on the arguments offered.

In the IRS ruling at issue, corporate sponsorships of certain college football bowl games were held to be advertisements (and hence taxable) rather than charitable contributions. In these instances the corporations' names and logos were given high visibility by the colleges as part of the sponsorship arrangement. Mr. Lenkowsky stresses that non-profits, by failing to distinguish more forthrightly between what is a contribution and what amounts to an advertisement, appear to flout IRS regulations and hence endanger their reputations.

Credibility is at issue but I think the reasons go deeper than distinguishing a gift from an ad. The root problem seems to be the failure of many non-profits to remember why our country supports a non-profit sector.

One reason, I thought, was to protect certain activities from the pressures of the marketplace, thus encouraging decision making on motives higher than the quest for profit. Without the pressures of the marketplace it is assumed that colleges will be encouraged to focus on quality education; museums will collect and exhibit based on scholarship, not on the explicit or implied wishes of sponsors; hospitals will serve first and foremost the good of all patients; etc.

Non-profits were well on their way to forgetting this particular justification for their existence when the IRS ruling at issue was handed down. Witness the inordinate amount of attention devoted to revenue-producing activities by many non-profits. If non-profits claim that the emphasis on making money has not affected their objectivity, independence, or quality of service, then one might ask why they need to be sheltered in a non-profit sector. Why not place these organizations in the for-profit world? If, however, non-profits concede that the push to make money has skewed their priorities, then the remedy is not just the need to distinguish more clearly between gifts and advertisements.

Is less harm done when the non-profit tailors its activities in order to attract corporate gifts than when it agrees to advertise for a fee?

I think it is fair to say that reactions of the IRS reflect a general public uneasiness about the drift of many revenue-producing activities of non-profits—activities that appear to contradict a reason used to support the sector. Accordingly, I would argue that the IRS ruling at issue should cause non-profits to examine not merely the difference between contributions and ads but more importantly the basic question of why we maintain a non-profit or "third" sector in our society. In this process they